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RUEHHE/AMEMBASSY HELSINKI 0029

C O N F I D E N T I A L ABU DHABI 001085

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DEPARTMENT FOR ISN/NESS, EEB/CBA AND NEA/ARP  
NSC FOR JOST  
COMMERCE FOR ITA AND ADVOCACY CENTER

E.O. 12958: 11/15/2019  
TAGS: [ENRG](#) [KNNP](#) [PGOV](#) [ECON](#) [ETRD](#) [AE](#)  
SUBJECT: UAE GIVES NUCLEAR TENDER BIDDERS MORE TIME

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REFS: A) ABU DHABI 1062  
B) ABU DHABI 994

11. (C/NF) Summary: According to a resident GE official, Emirates Nuclear Energy Corporation (ENEC) has told the GE/Hitachi consortium they should submit a final offer on Abu Dhabi's \$40+ billion nuclear power plant tender (reftels) by December 10. This surprise development came as many, including GE, believed the UAE had already reached a final decision. Just days ago, French and Japanese diplomats had reported they believed ENEC had already submitted its recommendation to Abu Dhabi Crown Prince Sheikh Mohammed bin Zayed (MbZ). The new request for final offers suggests the UAE is trying to deflect any possible criticism of the tender process by giving all three consortia one more chance to improve their bids. End Summary.

12. (C/NF) GE Director of Strategic Planning (Middle East) John Lancia told the Ambassador, SCO and EconOff on November 16 that ENEC had surprisingly asked the GE/Hitachi-led consortium to submit a final bid by December 10. (Note: Lancia asked we protect this information, as GE and all bidders are bound by a non-disclosure agreement. End Note.) Lancia said Hitachi officials were already reviewing the bid to determine where costs could be cut, in response to MbZ's comments to Secretaries Clinton and Napolitano that the GE/Hitachi bid was "too expensive." However, Lancia said cost cutting was difficult, as the terms and conditions for the contract were still unclear.

13. (C/NF) Prior to this surprise extension, French and Japanese diplomatic contacts believed key Abu Dhabi officials have already decided to award the contract to Korea's KEPCO. Japanese Econ Counselor Tomoyoshi Hisamori told EconOff on November 11 that Emirates Nuclear Energy Corporation (ENEC) officials told the Japanese that they have already passed ENEC's recommendation to "the leadership." (Note: Likely a reference to Abu Dhabi Crown Prince Mohammed bin Zayed (MbZ). End Note.) Hisamori noted that MbZ is surprisingly well versed in the details of the bids, which suggests he has already been briefed by key nuclear officials. Given this, Japanese officials are still considering if they should engage in further advocacy for the GE/Hitachi bid, as it may uselessly expend significant political capital.

14. (C/NF) French Deputy Head of Mission Vincent Floreani told EconOff on November 11 that he also believes a decision has been reached and KEPCO has won. Floreani said that French President Sarkozy is not expected to visit the UAE on the margins of his November 17 trip to Saudi Arabia to engage in further advocacy for AREVA. However, Floreani again cautioned about the safety of KEPCO's technology,

noting that Finnish nuclear regulator STUK had refused to license the APR1400 technology that KEPCO is offering the UAE.

¶5. (C/NF) Comment: While ENEC successfully met all previous tender deadlines, the repeated delay of the final award announcement is indicative of the intense political and commercial interest in the outcome. However, the delay also benefits Abu Dhabi, as all three consortia may try to cut costs in an effort to seal the deal. The UAE can also complete the 123 agreement and the establishment of ENEC before awarding the deal, the announcement of which may now slip into the new year. End Comment.

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